

CPP ANNUAL USE OF CAPITAL SURVEY - 2011



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Central Pacific Financial Corp./Central Pacific Bank

Point of Contact:	David Morimoto	RSSD: (For Bank Holding Companies)	701062
UST Sequence Number:	241	Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	135,000,000	FDIC Certificate Number: (For Depository Institutions)	17308
CPP/CDCI Funds Repaid to Date:	36,337,500	Credit Union Charter Number: (For Credit Unions)	
Date Funded (first funding):	January 09, 2009	City:	Honolulu
Date Repaid ¹ :	6/22/2011	State:	Hawaii

¹If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP/CDCI investment was deployed or how many CPP/CDCI dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP/CDCI capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP/CDCI funds were outstanding).

☒ **Increase lending or reduce lending less than otherwise would have occurred.**

Although the loan portfolio declined in 2011, Central Pacific Bank (CPB) continued to originate new loans to support consumers and businesses throughout Hawaii. Without the CPP capital, CPB would have further curtailed its new lending activity.

CPP ANNUAL USE OF CAPITAL SURVEY - 2011



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Central Pacific Financial Corp./Central Pacific Bank

☐ To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).

☒ **Increase securities purchased (ABS, MBS, etc.).**

During 2011, CPB purchased more than \$900 million in MBS issued by various government agencies. These purchases facilitate home ownership.

☐ **Make other investments.**

CPP ANNUAL USE OF CAPITAL SURVEY - 2011



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Central Pacific Financial Corp./Central Pacific Bank

☐ Increase reserves for non-performing assets.

☒ Reduce borrowings.

During 2011, CPB reduced its outstanding borrowings by more than \$500 million.

☐ Increase charge-offs.

CPP ANNUAL USE OF CAPITAL SURVEY - 2011



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Central Pacific Financial Corp./Central Pacific Bank

☐ Purchase another financial institution or purchase assets from another financial institution.

☐ Held as non-leveraged increase to total capital.

CPP ANNUAL USE OF CAPITAL SURVEY - 2011



NAME OF INSTITUTION
(Include Holding Company Where Applicable)

Central Pacific Financial Corp./Central Pacific Bank

What actions were you able to avoid because of the capital infusion of CPP/CDCI funds?

The CPP capital allowed CPB to avoid further curtailing new lending activity. The next section provides details on new lending activity in 2011.

CPP ANNUAL USE OF CAPITAL SURVEY - 2011



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Central Pacific Financial Corp./Central Pacific Bank

What actions were you able to take that you may not have taken without the capital infusion of CPP/CDCI funds?

The CPP capital infusion allowed CPB to continue lending to meet the needs of consumers and businesses throughout Hawaii. During 2011, CPB originated approximately \$995 million in residential mortgage loans, \$75 million in home equity lines of credit, \$100 million in commercial real estate loans, and \$80 million in commercial and industrial loans. Without the CPP capital, CPB would have further curtailed its new lending activity. Also, during fiscal year 2011, CPB originated 35 Small Business Administration (SBA) loans totaling \$1.4 million. Additionally, in recognition of their continuous support of SBA lending in Hawaii, 5 CPB lending officers received SBA Lending Officer of the Year. Finally, in 2011, CPB originated more than 2,600 residential mortgage loans totaling approximately \$995 million. CPB was the largest Hawaii-based originator of residential mortgage loans. CPB also actively sought opportunities to modify residential mortgage loans, where appropriate, to allow borrowers to remain in their homes. During 2011, CPB modified 105 residential mortgage loans totaling over \$50 million.

CPP ANNUAL USE OF CAPITAL SURVEY - 2011



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Central Pacific Financial Corp./Central Pacific Bank

Please describe any other actions that you were able to undertake with the capital infusion of CPP/CDCI funds.